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THE PROFIT MOTIVE ON THE BLOODLINE BETWEEN ISRAEL AND GAZA

ECONOFICTION FINANCE, FOSSIL CAPITAL, HAMAS-FASCISM, IMPERIALISM, MILITARY, OIL, WAR

Reading in recent weeks mainstream media commentaries and articles on the new dramatic conflict between Israel and the Palestinians, it is difficult not to recognize a (more or less) deliberate process of moving away from an understanding of its real causes, moreover not dissimilar to other war conflicts currently taking place on a planetary scale, albeit in their specific geographical, historical and cultural manifestations. The point is perfectly summarized by Emiliano Brancaccio in a post on Econopoly: "Rather than being concerned with understanding the facts, the crypto "geopoliticians" seem to be busy in a questionable work of persuasion, which consists in arousing emotions and reflections only from an arbitrarily chosen point in time. They urge us to be horrified and to take a stand, for example, only from the Hamas violence of Oct. 7, 2023, while suggesting that we turn off our senses and brains about the Israeli transformation of Gaza into an open-air prison, or about other crimes and misdeeds committed by the various actors involved and prior to that date. Moreover, as if the arbitrariness of the temporal slant were not enough, they propose that we examine military conflicts as being mere consequences of religious, ethnic, civil, and ideal tensions. Almost never as the violent outcome of economic disputes."

As just mentioned, in addition to Israel's perennial war against the Palestinians there are in fact at least 22 other "high-intensity" (i.e., also involving heavy weaponry) wars that are currently going on around the world: these

include the conflicts in Syria, Yemen, South Sudan, Central African Republic, northern Mozambique, North Kivu and Ituri of the Democratic Republic of Congo, Tigray in Ethiopia as well as again in Iraq, Nigeria, in addition to the Russian-Ukrainian war, the Turkish war against the Kurds, and others (see at this link). Obviously, not all these wars are “the violent outcome” of exclusively or predominantly economic disputes between the parties involved, as in the case, for example, of the Israeli-Palestinian war; although, as Brancaccio again points out, in this circumstance “it should not be difficult to identify some ‘economic’ element in a clash between two peoples characterized by high population growth rates and destined to contend for a laughable piece of the world.” In any case, “the main trigger for the unfortunate human behavior toward war” is seen by Brancaccio and others as the result of the current turn of the United States, still the hegemonic power of world capitalism, toward “unilateral protectionism,” both trade and financial aimed at averting the risk of a “centralization of capital” in eastern hands — China in the first place, but also various other U.S. debt holders located in the east, and to a small extent even Russia — whose expansion in the globalization phase has made foreign debt and U.S. competitiveness increasingly difficult to manage with advantage[1]. This change in strategy would be, according to the Neapolitan economist, “the root cause of the infamous 2020 ‘Abraham agreements’ and related treaties.” These agreements, entered into by Trump but also carried forward by Biden, aimed to “normalize” Israel’s relations with large Arab energy producers, and more generally with Muslim-majority countries rich in natural resources, by repositioning these countries in the Western economic bloc, which is still badly in need of gas and oil. The fate of the people of Gaza and Palestine, however, found no place within the aforementioned negotiated settlement, leaving the complex issues in that area fundamentally unresolved and ready to ignite. Within this conceptual framework, Brancaccio believes, it is possible to frame the bloody and indefensible terrorist act of Hamas on Oct. 7, 2023, and the odious siege that the government of Israel is perpetrating against the Gaza Strip, causing a veritable carnage of civilians and children[2]. The result of this is to dangerously exacerbate the contrasts and tensions between the actors involved in the region,[3] acting as a potential antechamber for the outbreak of a war conflict on a much larger scale.

Although the approach proposed by Brancaccio – placing at the center the material and economic interests that fuel conflicts between states and peoples – represents a significant step forward in the reading of what is happening in the Middle East, in our opinion a far more radical change of perspective is needed in understanding the logic of contemporary conflicts. Indeed, we believe that only at a “superficial” glance can nation-states-particularly some among them-appear today as the main players in the world geopolitical architecture, that is, cohesive entities that seek to pursue their interests through political, economic and military strategies, taking into account their territorial location and the associated challenges and opportunities. This is because, while we can still clearly identify state organizations and their international locations, it is much more difficult to separate their logic of action from the strategic objectives of the major economic-financial groups that have dominated the world stage since the great crisis of 2007-2008. These groups, primarily by virtue of their access to ample availability of cheap credit – made possible by the Central Banks’ “quantitative easing” policies to cope with the crisis – have accumulated a huge amount of pecuniary resources not so much from the activity of producing goods and services, but rather from the impressive inflationary growth of their non-reproducible financial assets (such as securities, stocks, real estate, etc.), toward the purchase and re-purchase (buyback)[4] of which many resources previously earmarked for productive investment have been diverted. Some of these groups then—such as those related to the pharmaceutical industry, the digital sector and the defense sector—were then able to benefit from some dramatic events in our recent history, such as the pandemic phase from Covid-19 and the outbreak of the Russian-Ukrainian conflict, to realize a considerable increase in the value of the equities related to them[5]. Where then, previously, a considerable portion of profits seemed to flow from technological progress, now gains are increasingly dependent on companies’ ability to legally protect technology and other forms of exclusion, which make their own assets increasingly attractive, as many other investors are also expected to bet on their specificity and seek to buy them, thereby contributing to their rise in value.

It is precisely the high degree of pecuniary accumulation achieved by certain interest groups, which has taken the form of a true “sabotage” of the traditional wealth formation mechanism based on the exploitation of labor peculiar to capitalist economies[6], that has enabled them to exert considerable power to influence and condition the policies of governments and international institutions, which are inextricably intertwined with

those same groups according to the “revolving door” system[7]. In other words, geopolitics represents not so much the relations between states and nations as the relations between capitalist interest groups that, through a geographic area and a specific institutional political context, find more or less cohesive and coherent expression. This is true not only for the United States and other capitalist economies, but also in powers, such as China and Russia, where the state centralizes most economic and political functions[8].

It is then only within this frame of reference that the dramatic evolution of the new conflict between Israel and the Palestinians, where some 70 percent of the civilian population is being pushed by Tel Aviv’s military actions to flee to the south/southwest of the Strip, to the border with Egypt, squeezed on a crossing (Rafah) that is still impassable, can be correctly interpreted and understood. But how can one believe that such an exodus would serve to free the hostages captured by Hamas in the Oct. 7 attack, or even to permanently eradicate the organization, whose head is far from Gaza and whose armed arm moves through tunnels and tunnels sophisticated with escape routes to Egypt (https://st.ilssole24ore.com/art/notizie/2014-07-21/viaggio-tunnel-business-e-arma-strategica-hamas-164800_PRN.shtml)? Does it make sense to conduct the kind of military action that, in addition to tainting the State of Israel and the Israelis with charges of genocide, risks “bogging down” its shock troops in a wearisome battle “in the rubble” of Gaza City, where those who defend have more advantages than those who attack and the casualties may be many, more than the Israeli public can accept? With what prospects, finally, can one hope to stabilize a region where the people who inhabit it have been so fiercely torn apart? Is it safe to assume that a reaction on such a scale actually masks well other than “Israel’s right to defend itself”?

In 972Magazine, a left-wing Jewish news and opinion webzine, a scoop is published about an Israeli Intelligence Ministry document in which it considers the idea of expelling the population from Gaza and sending them toward Sinai and then envisioning their stay on the Egyptian peninsula. This is not the line officially pursued by the government, it is one scenario among others, which is the job of the intelligence community to prepare, but it is a sign of one of the strands of thought that guides the policies of the Netanyahu government and its right-wing nationalist allies. But again, what would be the real benefit to Israel? Some have argued that the answer lies in the possibility of finally getting its hands on the Palestinians’ hitherto untapped energy reserves. Indeed, we have known for a number of years that the occupied Palestinian territory is above significant oil and natural gas reserves, in Area C of the West Bank (about 60 percent of the area to which Palestinians are denied access) and on the Mediterranean coast off the Gaza Strip. The latter fields are part of the largest field in the Levant Basin (650 billion cubic meters of gas and 1.7 billion barrels of oil),[9] stretching from Egypt’s Sinai to Syria, discovered in 2010 and since then under full Israeli control through a large Israeli company, New Med Energy, currently consortium with the multinational Chevron, one of the largest U.S. oil companies, which is in charge of managing all major energy resource fields in Tel Aviv[10]. According to a 2019 UNCTAD estimate (see footnote 7), these “common resources” could have allowed some \$524 billion to be distributed and shared between Israel and the Palestinians and “promote peace and cooperation between the former belligerents,” the study notes. Obviously, this did not happen, and the failure to use their own resources, which would have required the construction of dedicated extraction facilities in an area made inaccessible to the Palestinians, has always (and rightly) been seen as an abuse of power perpetrated against them by the Israeli government. However, it is hardly credible that Netanyahu’s government is pushing the Palestinians to evacuate from the Gaza Strip in order to appropriate those energy resources, given that those same resources are rather limited compared to those that Tel Aviv already controls – to which must be added the new Tamar offshore field discovered in 2009 – and which in recent years have turned Israel into a net exporter of gas. The point really is that the tensions and instability in the region, heightened to the highest level after the Oct. 7 attack, offered the Israeli government – in addition to the possibility of prolonging its fragile existence – the pretext to artfully manipulate the supply of gas flow, hence the request to Chevron to stop extracting from the Tamar field itself and the flow of the resource exported to Egypt and Jordan. This “signal” was enough for the resumption of the bullish speculation trend in the 2024 international futures market (<https://www.lesechos.fr/finance-marches/marches-financiers/les-cours-du-petrole-senvolent-apres-loffensive-du-hamas-contre-israel-1985665>), reintroducing the theme of price volatility that we had already experienced, in exponentially greater form, in 2022, with the outbreak of the Russian-Ukrainian conflict. Any prolongation of the mining shutdown and/or its extension to fields in the Levant Basin, due to the continued military occupation of

the Gaza Strip, would then end up compressing an already very tight global gas market, increasing volatility in the futures market, where large speculators can profit from the continuous price changes. In sum, multinational energy companies (obviously not just U.S. energy companies), financial firms, and large hedge funds are the ones who stand to gain the most from the extension and continuation of an armed conflict that, in addition to the unacceptable blood toll, has no chance of stabilizing the area and bringing benefits to the parties involved in the conflict. Of course, it is not only energy companies and speculation in energy stocks that stand to benefit enormously from the Netanyahu government's military turn. It is no coincidence that the stocks of companies that produce weapons, starting with Lockheed Martin and ending with Leonardo, have seen significant increases in their stock prices in recent weeks[11]. Indeed, speculators are betting on the increased demand for missiles, artillery and other military technologies that the winds of war are expected to fuel, turning expectations of the near future into immediate financial gains. It is interesting in this regard to highlight who are the most significant shareholders in weapons companies. In Lockheed Martin, four large funds, Vanguard, Black Rock, State Street and Geode Capital Management own about 35 percent of the capital, while they reach almost 40 in Northrop Grumman Corporation and 30 percent in Raytheon (now RTX). In Boeing they "stop" at 20 percent and in Halliburton they exceed 32 percent. In the days following the Hamas attacks in Israel, Biden announced that the United States was already moving to send additional munitions and Iron Dome interceptor missiles manufactured by Raytheon and Rafael, an Israeli military contractor. New shipments of small 250-pound guided bombs produced by Boeing were also being sent to Israel, as well as additional equipment converting older crude bombs into precision-guided "smart" munitions (<https://www.startmag.it/economia/guerra-israele-hamas-industria-armi/>). The increased demand that used to come (and continues to come) from Ukraine, now from Israel, and tomorrow from who knows which among the other "heavy" conflicts still going on around the world and ready to ignite, is giving weapons manufacturers and cybersecurity technology providers the confidence that they can count on sustained orders to increase production. Also not to be overlooked is the real risk that the distribution of Western weapons systems to Ukrainian militias after the outbreak of war with Russia, under conditions of difficult territorial control and a very high rate of corruption in Kiev's public apparatuses, could be partially diverted to the underground market and the dark web, strengthening criminal organizations and terrorist groups, including Hamas itself and Hezbollah, and fueling the continuation of local conflicts. Indeed, it is worth mentioning that the Ukrainian mafia also has ramifications in the Middle East and Caucasus and that at least two battalions of Chechen jihadists are fighting alongside the Ukrainians in opposition to Moscow troops and pro-Russian Chechen governmental forces also present in this conflict (<https://www.analisidifesa.it/2022/03/i-rischi-della-belligeranza/>)[12].

The military and defense industry-which has been acting for some time in full synergy with the so-called digital giants[13]-is on its way to becoming the only sector in capitalist economies that could generate new jobs and not be plagued by overcapacity, as has been the case for all other major industries for years (see Pannone 2023). On the contrary, arsenal modernization needs may even require considerable investment to rapidly adjust the potential output of weapon systems so as to be able to respond quickly enough at a time when tensions between the superpowers have intensified. In this respect, the military-industrial complex represents an increasingly important area of convergence to compose diverse and often antagonistic capitalist interests-such as, for example, financial and manufacturing interests[14]-and to ensure that U.S. industry remains robust at a time when a new global slowdown in economies is looming. Testifying to this awareness is Biden's urgent request to Congress in the days following the Hamas attack for a \$106 billion budget change "to fund America's national security needs, to support our critical partners, including Israel and Ukraine." Biden further stated, "Let me be clear about one thing... We send equipment to Ukraine that is in our stockpile. And when we use the money appropriated by Congress, we use it to replenish our warehouses, our stockpiles with new equipment. Equipment that defends America and is made in America. Patriot missiles for air defense batteries, made in Arizona. Artillery projectiles manufactured in 12 states across the country, in Pennsylvania, Ohio, Texas. And much more. You know, just like during World War II, today America's patriotic workers are building the arsenal of democracy and serving the cause of freedom (see link [https://www.politico.com/news/2023/10/21/bidens-ukraine-aid-buy-american-](https://www.politico.com/news/2023/10/21/bidens-ukraine-aid-buy-american-00122823#:~:text=%E2%80%9CLet%20me%20be%20clear%20about,and%20is%20made%20in%20America))

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In conclusion, what is being told as yet another and bloodiest chapter in a 75-year conflict turns out, with the decisive complicity of the Israeli government, to be an extraordinary profit opportunity for the large economic-financial groups that dominate a sharply slowing world economy and consistently shape the decisions of states. Although the latter may appear to be the active players in the composition of geopolitical balances functional to the welfare of the populations of which they are apparently cohesive expressions, their political, economic and military strategies, in reality, are never independent of the “profit-seeking” aims of the major power groups that condition and direct their directions, almost always to the detriment of the needs and aspirations for civil coexistence of the majority of individuals. Therefore, a dramatically strong question arises for this latest conflict as for the others still ongoing (see above): how can one delegate to the current governments of nation-states or, even worse, to supranational institutions imbued with the same logic, the task and the hope of initiating a realistic process of international peacemaking, when those who hold the strings of their actions continually and conspicuously fuel the conflicts between the parties?

Notes

[1] This thesis is argued very articulately by Brancaccio, Gelmetti and Lucarelli in their book *Capitalist War. Competition, Centralization, New Imperialist Conflict* (Mimesis, Milan 2022) and then succinctly set out in the *Financial Times* in the appeal signed by many economists (see link <https://economicconditionsforpeace.wordpress.com/>).

[2] In his October 28 resignation letter as director of the New York office of the United Nations High Commissioner for Human Rights, Craig Mokhiber said, among other things, “In Gaza, civilian homes, schools, churches, mosques and medical institutions are being arbitrarily attacked while thousands of civilians are being massacred. In the West Bank, including occupied Jerusalem, homes are seized and reassigned based solely on race, and violent settler pogroms are accompanied by Israeli military units. Apartheid reigns throughout the country. This is a textbook case of genocide.”

[3] In addition to Iran, Saudi Arabia and other Arab countries, players in the region certainly include China, which sees the escalation of tensions in the area as a threat to the development of maritime trade in the Mediterranean as part of the Silk Road strategy; and Russia, which is interested in establishing strong bilateral relations with countries in the region, expanding energy partnerships and diversifying natural gas exports in the direction of Asia.

[4] This trend has been observed globally, although to a lesser extent, outside the United States. Notable for buyback entities are Japan, the United Kingdom, France, Canada, and China. Recall that buybacks have a negative effect on capital investment, both before and after the financial crisis, and especially among large firms operating in highly concentrated industries.

[5] Regarding the 3 Big Pharma companies that introduced Covid vaccines. Pfizer, Biontech, and Moderna, after 20 months of the pandemic, the value of their shares rose by 79.3%, 720.8%, and 1033, 8%, respectively. As for the military-industrial complex, as a whole from the outbreak of the war in Ukraine until April 2023, the MSCI World aerospace and defense index rose 14 percent. The corresponding sub-index of the Stoxx Europe gained more than 30 percent while the S&P500 sector index realized an increase of about 12 percent. <https://www.wallstreetitalia.com/guerra-in-ucraina-quali-societa-della-difesa-ci-guadagnano/>

[6] I describe this process in depth in my book, *What is War? The logic of capitalist conflicts between the 20th and 21st centuries*, published in November 2023 by Deriveapprodi.

[7] The term “Revolving Doors” (in English “Revolving Doors,” identifies the movement of public officials and politicians from the public to the private sector, but also the entry into public administrations of experts and managers from private companies. The evidence reporting the phenomenon is very clear. For example, in the case of the digital giants: In 2017-2018, 93 out of 113 Alphabet-Google lobbyists had worked for the U.S. state. In the same period, 76 out of 114 from Amazon and 42 out of 50 of Facebook’s lobbyists had done the same. In the first three months of 2019, nearly 75 percent of 238 Big Tech lobbyists had previously been employed by the state or political officials (see Mirrles 2021). Moreover, in 2022, Columbia University’s Brown Institute for Media Innovation and MuckRock, in collaboration with Forbes, identified 151 government officials who left the Obama administration after 2016, worked in the private sector, and returned under the Biden administration in 2021. All of this at considerable profit. While in fact the stock market increased by 70 percent from 2017 to 2021, contributing to a 38 percent increase in household wealth across the country, the personal finances of 77 grew

by an average of 270 percent. The revelations were analyzed using an open source tool developed by the Center for Public Integrity and then cleaned up the data using the R programming language (see link <https://www.forbes.com/sites/ericfan/2022/06/21/revolving-door-riches-how-obama-biden-officials-cashed-in-during-the-trump-years/>). Exemplary, then, is the weight of the military-industrial complex in Biden's appointment of former General Austin as U.S. Secretary of Defense. Austin – like so many other military personnel – set up his own consulting firm and accepted a highly paid position (by ISPI reports about \$1.5 million in just over three years) on the board of a military industry giant, United Technologies Corp Inc. (UTC) later merged with Raytheon. Industries, these, that receive very large orders from the Pentagon: according to available data (see link <https://dsm.forecastinternational.com/wordpress/2020/04/13/top-100-federal-contractors-fy19/>), in 2019 alone Raytheon would have obtained orders for about \$16.3 billion and UTC for \$8.8 billion. There would, in short, be a significant and potentially macroscopic conflict of interest, given that Raytheon is, and will be, one of the main contractors of the Department of Defense led by Austin himself. Finally, the dangers of “revolving doors” between the La Food and Drug Administration, the U.S. government agency responsible for regulating food and pharmaceutical products, and the pharmaceutical industry were clearly observed in the case of Curtis Wright and Purdue Pharma, a story now recounted in books and on television and involving the 1995 authorization of the opioid OxyContin. With reference to more recent events, we recall that On December 18, 2020, under the leadership of Commissioner Stephen Hahn, the FDA granted the world's first approval to Moderna's covid vaccine, mRNA-1273. Six months later, after resigning with the transition to the Biden administration, Hahn joined Flagship Pioneering, “the venture fund that gave birth to Moderna” (see Peter Doshi's latest article in the British Medical Journal at link <https://www.bmj.com/content/383/bmj.p2486>)

[8] With reference to China, for example, although the political and economic system is run by the Chinese Communist Party (CCP), which holds supreme control and makes all strategic decisions, the government is characterized by a close interconnectedness with the business and financial sector, and some private Chinese industrial groups have gained considerable influence in the country's economy. These include those operating in technology (e.g., Alibaba, Tencent, and Huawei), consumption (again, the Alibaba Group and JD.com), and real estate (e.g., the Vanke Group and the Evergrande Group).

[9] UNCTAD's 2029 study estimates to which we refer: <https://unctad.org/publication/economic-costs-israeli-occupation-palestinian-people-unrealized-oil-and-natural-gas>

[10] Chevron is one of the largest oil and gas companies globally and has a presence in different parts of the world. In the context of Israel, Chevron has involvement through its 2020 acquisition of Noble Energy, which had a significant stake in the company New Med Energy and thus had been involved in the exploration and extraction of natural gas resources in the Mediterranean Sea, including the Leviathan field.

[11] The defense company RTX (formerly known as Raytheon) and General Dynamics, i.e., the second and third largest contractors of the U.S. federal government saw their shares rise by 10 percent after the October 7 Hamas attack. In an interview with CNBC, RTX CEO Hayes said, “The war in Gaza or Israel, again, is a tragic situation-which will eventually lead to further orders, most likely. Our focus right now is, how can we support the Israel Defense Forces? How can we make sure they have what they need to be able to defend their country?” (<https://jacobin.com/2023/10/raytheon-general-dynamics-gaza-israel-war-military-industrial-complex>).

[12] This issue, hastily branded by many European media as “Russian disinformation” (see e.g. <https://it.euronews.com/my-europe/2023/10/19/propaganda-russia-ucraina-non-ha-inviato-armi-ai-militari-dai-hamas>), has actually been dealt with by several investigations by the Washington Post and New York Times, as well as reports by U.S. intelligence, Interpol and several European police as well as governments of nations in Africa as well as in the Middle East that detected the presence of these weapons in several theaters of war far from Ukraine. The new prosecutor of Naples Nicola Gratteri himself, speaking in August 2023 at an event in Lido di Camaiore (Lucca), brought attention back to the issue, which has so far been almost completely ignored in Italy.

[13] We are talking about the so-called GAFAMs (Google, Amazon, Facebook, Apple, Microsoft). On the ties of the Silicon Valley giants with the military-industrial complex see, for example: <https://www.nytimes.com/2020/05/02/technology/eric-schmidt-pentagon-google.html>.

[14] Indeed, it should be noted that while it is true that the current mechanisms of capitalist power

accumulation may transcend the process of production, they cannot to any extent disregard its existence. Indeed, no business aimed at the accumulation of pecuniary capital could live without the continued accumulation, at least to some extent, of physical capital to produce goods.

Original hier: <https://www.machina-deriveapprodi.com/post/le-ragioni-del-profitto-sulla-linea-di-sangue-tra-israele-e-gaza>

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